Serving the People of California
Employment Development Department

DIRECTIVE

JOB TRAINING PARTNERSHIP ACT

Number: D97-17
Date: March 12, 1998
69:57:is

TO: SERVICE DELIVERY AREA ADMINISTRATORS
PRIVATE INDUSTRY COUNCIL CHAIRPERSONS
JTPD PROGRAM OPERATORS
EDD JOB SERVICE OFFICE MANAGERS
JTPD STAFF

SUBJECT: PROPERTY MANAGEMENT

EXECUTIVE SUMMARY:

Purpose:

The purpose of this directive is to provide updated guidance regarding the accountability of real and non-expendable property purchased with Job Training Partnership Act (JTPA) funds. This update is necessitated by the JTPA Amendments of 1992 and the regulations provided in the Final Rule (FR) (20 Code of the Federal Regulations [CFR] Part 626, et al), which was effective June 30, 1995.

Scope:

This directive applies to all programs funded under JTPA and must be implemented by all Service Directory Areas (SDA) and their subrecipients and all program operators who contract directly with the Employment Development Department (EDD) for JTPA funds.

Effective Date:

This Directive is effective upon its release.

REFERENCES:

- JTPA Section 141(r), 165(e)
- 20 CFR 627.420, 627.450, 627.465
- Office of Management and Budget [OMB] Circular A-102, March 11, 1988
- OMB Circular A-110, November 19, 1993
- JTPA D97-6, Procurement, September 12, 1997
- JTPA D97-5, Allowable Cost, September 2, 1997
- U.S. Department of Labor (DOL) Technical Assistance and Training Series for JTPA Financial Management, January 1995

STATE-IMPOSED REQUIREMENTS:

This directive contains some state-imposed requirements. These requirements are indicated by ***bold, italic*** type.

FILING INSTRUCTIONS:

This directive supersedes JTPA Directive D96-8, dated August 28, 1996 (Annual Property Inventory Report). It should be filed with the SDA's property management information and with other JTPA directives.

BACKGROUND:

On September 19, 1984, the state issued property management instructions to SDAs through the Job Training Partnership Division (JTPD) Directive D84-15. The FR was published September 2, 1994, significantly changing the requirements for property management under JTPA.

The new requirements incorporate OMB Circular A-102, applicable to state and governmental subrecipients, and OMB Circular A-110, applicable to non-governmental subrecipients. The requirements also included specific requirements for notification of the Secretary of Labor when real property is purchased by any entity.

This directive addresses the different property requirements for property purchases pre and post-July 1, 1993. For post-July 1, 1993 purchases, the directive also addresses the different requirements for governmental and non-governmental subrecipients.

Submitting an annual inventory is no longer required by JTPD.

POLICY AND PROCEDURES:

Definitions

Equipment, for purchases before July 1, 1993, is defined as tangible, non-expendable personal property having an acquisition cost of $1,000 or more per unit.

Equipment, for purchases on or after July 1, 1993, is defined as tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

Real property is defined as land, including land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

Policy

Property management standards, 20 CFR 627.465, require that property of governmental recipients be governed by the definitions and property requirements in OMB Circular A-102. Non-governmental recipients are governed by the definitions and property management standards of OMB Circular A-110, with special provisions for property acquired by commercial recipients specified in 20 CFR 627.465 (c). The section also addresses requirements for property purchased before July 1, 1993.

Each SDA is responsible for establishing and maintaining a property management system which will ensure compliance with applicable rules and regulations.

The SDAs are held accountable for property purchased with JTPA funds by their subrecipients; therefore, SDAs are reminded that agreements with their subrecipients must include appropriate provisions for the acquisition, use, and disposition of JTPA property.

Costs associated with the joint acquisition of property either purchased, leased, or lease-purchased must be allocated to each respective funding source based on benefit in accordance with 20 CFR 627.435.

I. Title to Property

In accordance with Directive D97-5 Allowable Costs, title to all property, both non-expendable and real, vests with the SDA.

II. Acquisition of Property

a) Non-Expendable Property (Equipment)

1) The SDAs (Governmental and Nonprofit)

   The SDAs shall purchase JTPA equipment in accordance with the requirements of 20 CFR 627.420, JTPA Directive D97-6, Procurement, and any other policies and procedures established at the local level.

   Equipment that is being replaced may be traded in or sold and the proceeds used to offset acquisition cost, subject to the prior approval requirements in the “Property Disposition” section of this directive.

2) Subrecipients

   All subrecipients must comply with the above requirements as well as any other requirements established by the SDA.

b) Real Property

Real property is no longer an allowable expense per Directive D97-5, Allowable Cost, September 2, 1997. Effective July 1, 1993, DOL required states to notify them when real property was purchased by JTPA recipients and subrecipients. Please provide your program manager with written information regarding property location and the federal share of any real property purchased between July 1, 1993, and September 2, 1997.

III. Use

a) Non-Expendable Property (Equipment)

Property purchased with JTPA funds is to be used for the activity for which it was acquired. When it is no longer needed for that purpose, it may be used for other JTPA activities and other federally funded programs (in that order), subject to prior approval requirements in the “Property Disposition” section of this directive.

The OMB Circulars A-102 and A-110 require compensation for non-JTPA use of equipment purchased with JTPA funds. If the compensation is in the form of user fees, the fees must be reported as program income. When the use of JTPA equipment is exchanged for the use of non-JTPA equipment, facilities or services, a reduction in costs has occurred. This is not considered program income.

b) Real Property

Real Property shall be used for the originally authorized purpose. When no longer needed for that purpose, the SDA shall request disposition instructions from the state. Use of the property for other activities is not allowed.

IV. Property Disposition

a) Non-Expendable Property (Equipment)

1) Property Purchased Prior to July 1, 1993, or transferred from the Comprehensive Employment and Training Act Program.

   If the property was purchased prior to July 1, 1993, and the unit acquisition cost was $1,000 or more, prior approval for disposition is required from DOL, through the state (see procedures for requesting disposition instructions). Income from the sale of this property may be used for replacement JTPA property, or the proceeds shall be returned to the entity who originally purchased it; however, these proceeds must be documented and used for JTPA allowable activities.

If the unit acquisition cost was less that $1,000, approval for disposition is not required and proceeds from its sale or disposition may be retained by subrecipient for any purpose.

2) Property Purchased On or After July 1, 1993

If the property's fair market value at the time of disposal is $5,000 or more, prior approval for disposition is required from DOL, through the state (see Procedures for Requesting Disposition Instructions.) Income from the sale of this equipment may be used for replacement JTPA property, or the proceeds shall be returned to the entity who originally purchased it. However, these proceeds must be documented and used for JTPA allowable activities.

If the property's fair market value at the time of disposal is less than $5,000, prior approval for disposition is not required. Proceeds for sale or disposition may be retained by subrecipient for any purpose.

Procedures For Requesting Disposition Instructions

Prior to requesting disposition instructions, the SDA shall first make sure that all relevant records are up-to-date.

The request for disposition instructions must include the following information:

- A description of the property in question,
- An inventory tag number,
- Unit acquisition cost,
- Condition,
- Reason for disposition, and
- Proposed disposition plans (including what will be done with any moneys resulting from said disposition).

The request for disposition instructions is to be mailed to JTPD at the following address:

SDA Property Analyst
State of California, Employment Development Department, MIC 69
P.O. Box 826880

Sacramento, CA 94280-0001

The JTPD will submit the SDA's request to DOL. Upon receipt from DOL, the disposition instructions will be forwarded to the SDA by fax or mail.

b) Real Property

The SDA must request disposition instructions from the state for the disposition of real property. Proceeds from the sale of real property, less reasonable selling and repair expenses, must be remitted to DOL, through the state, unless the grant funds related to the purchase are still active.

The SDAs should be aware that disposal of jointly funded (JTPA and other federal/nonfederal funding sources) real property acquisitions must follow the requirements of 29 CFR 97.31 (c). This requires that the JTPA grant be compensated for its fair market value.

V. Inventory and Records Management

A physical inventory of property purchased before July 1, 1993, with an acquisition cost of $1,000 or more and property purchased after July 1, 1993, with an acquisition cost of $5,000 or more, must be taken every two years, beginning June 30, 1998. This means that an inventory is to be completed by June 30, 1998, and every two years thereafter. These results must be supported and reconciled with the SDA's property records.

The inventory records shall be kept on file by the SDA and made available to staff of EDD and DOL, or their representatives, upon request.

- Property inventory records shall, at a minimum, contain the following information:

  - ◊ Description of equipment;
  - ◊ Identifying information (serial number, model number, etc.);
  - ◊ Funding source (Title and program year of funds);
  - ◊ Acquisition date and unit cost;
  - ◊ ***Inventory tag number***; and
  - ◊ Disposition data including date of disposal, sale price, and the method used to determine the fair market value.

- For property purchased after July 1, 1993, the records must **also** include:

  - ◊ Location;
  - ◊ Condition;
  - ◊ Use;
  - ◊ Who holds title; and
  - ◊ If jointly funded, the JTPA share of the cost.

A control system must be developed to ensure adequate safeguards are established to prevent loss, damage, or theft of property. Any loss, damage, or theft must be immediately reported to the state and, in the case of possible theft, a copy of a report made to the local law enforcement authorities must be provided.

In accordance with Section 165(e) of the JTPA, records for non-expendable ***and real*** property shall be retained for a period of three years after final disposition of the property.

ACTION:

All SDAs are to ensure that property management systems comply minimally with the requirements set forth in this directive.

INQUIRIES:

Please address questions concerning this directive to Kathleen Cicairos with the Internal Technical Support Unit of JTPD at (916) 654-6736.

/S/ BILL BURKE
Acting Assistant Deputy Director